



Montana Department of Commerce
HOME Program
QUALIFICATION PACKAGE

FOR HOME USE ONLY

Reviewer _____

Date Received _____

Date Reviewed _____

Pilot Program for Homebuyer Assistance and Homeowner Rehabilitation Activities

This template is a guide for entities to complete their qualification packages. The purpose of this outline is to create a written strategy for administering HOME funds, to ensure knowledge of and compliance with HOME requirements and regulations, and to ensure the continuity of program administration regardless of changes in an entity's personnel. The HOME Program will use this outline to determine whether an entity is qualified to conduct a homebuyer assistance and/or homeowner rehabilitation program. Mutual Self Help programs and other project creating single-family developments will compete for funds and are not eligible to access funds through this pilot program.

PART I – GRANT ADMINISTRATION AND PROJECT START-UP

PROGRAM DESCRIPTION

- ☐ Provide a description of the project including the type of program, the number of homes to be impacted, and the target population of the program.
- ☐ Describe the service area (boundaries).
- ☐ Define the terms of HOME subsidy to be provided.
- ☐ What is the projected HOME subsidy per home? Are there other types of subsidy anticipated? Describe what that subsidy will be.
- ☐ Match funds must equal 5% or more of the per unit HOME subsidy. What eligible sources of matching funds will be utilized? Contact HOME staff to determine if the proposed match source is eligible.
- ☐ Describe how HOME income-targeting requirements will be met.
- ☐ What is the period of long-term affordability? How will it be enforced – through deed restrictions, trust indentures, promissory notes, covenants running with the land, etc? Attach sample documents, where applicable.

CERTIFICATIONS, PLANS, POLICIES, AND RESOLUTIONS

- ☐ Provide the dates on which the grantee passed the following resolutions/policies:
 - ☐ Hatch Act Resolution (*applies to local governments only*);
 - ☐ Equal Employment Opportunity (EEO)/Nondiscrimination Policy;
 - ☐ Drug Free Workplace Policy;
 - ☐ Fair Housing Resolution; and
 - ☐ Section 504 and ADA Compliance Procedures
- ☐ Where are Equal Employment Opportunity Posters displayed in the Grantee's workplace?
- ☐ Provide a copy of a combined resolution to accept HOME grant funds, authorize all potential funding and appropriate funding to the program.
- ☐ A Certificate of Consistency with the Consolidated Plan will be issued once the HOME Program has approved your Qualification Package.

ORGANIZATIONAL STRUCTURE OF GRANT MANAGEMENT TEAM

- ☐ How will the grant be managed?

- ☐ What responsibilities will your governing body (e.g., city council, board of county commissioners, nonprofit board of directors, etc.) have in managing the grant?
- ☐ If you have a Housing Advisory Board, who are the members, how is the Board structured, and what are the Board's duties and responsibilities?
- ☐ Include names, titles and phone numbers for the Board members.
- ☐ Who is your Attorney and what are his/her responsibilities?
- ☐ Who will be responsible for submitting Set-up, Payment Request and Completion Forms? Who will be responsible for maintaining proper documentation and for conducting other grant management and project activities?

FINANCIAL MANAGEMENT

- ☐ How will the HOME funds be organized and managed? What accounts will be used to receive and disburse HOME funds?
- ☐ What accounting and management system will be used? (Most local governments use the Budgetary Accounting and Reporting System [BARS])
- ☐ What procedures will be followed for reviewing and approving expenditures, requesting funds, receiving HOME funds and processing payments?
- ☐ What role does the governing body (e.g., city council, board of county commissioners nonprofit board of directors, etc.) play in approving expenditures for the HOME Program?
- ☐ Who will be responsible for maintaining the required financial records and processing of HOME funds? Include the name(s), title(s) and phone number(s) of key person(s).

NON-DISCRIMINATION / EQUAL HOUSING AND EMPLOYMENT / CIVIL RIGHTS RULES

- ☐ Who will be responsible for monitoring/enforcing non-discrimination, equal housing and civil rights rules? How will the rules be applied to the project? Specifically address the following requirements:
 - ☐ Affirmatively further Fair Housing.
 - ☐ Avoid discrimination in advertising and leasing.
 - ☐ Ensure accessibility to programs as defined by Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act.
- ☐ Who will be responsible for monitoring/enforcing Equal Employment Opportunity (EEO) rules? How will the rules be applied to the project?
- ☐ How will minorities, women, and their businesses be included in project implementation?

ENVIRONMENTAL REQUIREMENTS

Environmental Review

- ☐ Describe the process you will use to ensure environmental requirements are met. Who will the Environmental Certifying Officer (ECO) be? Is that person an elected official? If not, has an official resolution been passed designating a non-elected position in the local government as having the ECO responsibilities? Who will conduct the environmental review? Who will produce the Environmental Review Record (ERR)?
- ☐ Who will guarantee compliance with Historic Preservation requirements? Do you have a programmatic agreement with the State Historic Preservation Office (SHPO)?

Flood Plain

- ☐ Address flood plain requirements. Is the HOME-assisted property within the 100-year flood plain, as identified by the Federal Emergency Management Agency? If it is (or is anticipated to be), how will you ensure requirements regarding flood insurance are met?

Lead-Based Paint

- ☐ Describe how you will comply with the Lead-Based Poisoning Prevention Act and implementing the HUD lead-based paint (LBP) regulations for properties built before January 1, 1978. Identify who is responsible for notification and disclosure requirements, distributing appropriate brochures to all homeowners, disclosing any known presence of lead-based paint to prospective homebuyers, and providing notice of evaluation or hazard reduction.
- ☐ If applicable, identify who will be responsible for containing or abating lead-based paint hazards, and provide a brief summary of how these activities will be accomplished.
- ☐ If applicable, describe how clearance testing will be completed after LBP hazards are contained or abated.
- ☐ Identify who is responsible for responding to a child with an elevated blood lead level.
- ☐ How will you verify that those conducting visual inspections are certified to do so?

OTHER REQUIREMENTS**Conflict of Interest**

- ☐ Who will be responsible for identifying and resolving conflicts of interest? How will any potential conflicts of interest in project participation and implementation be identified and addressed?
- ☐ Who will be responsible for disclosing conflicts to the public, summarizing the public meeting proceedings, obtaining the entity's attorney's opinion and submitting all information to HOME Program staff?

Section A**HOMEBUYER ASSISTANCE and HOMEOWNER REHABILITATION****Marketing Strategy**

- ☐ Describe your target population including who will use the program. Will the program target a particular category of participants i.e., first time homebuyers, elderly, disabled persons, public housing residents, or existing renters?
- ☐ Describe present and future marketing activities for your program. Describe the methods you intend to use to reach your target market. Will you market your program to lenders and realtors? Will you use ads in local papers, hold an open house, or distribute flyers at social service agencies and/or employers? Where/how else will you advertise? How else will you spread the word about the program?
- ☐ Describe your Affirmative Fair Marketing Plan and how non-discrimination and equal housing rules will be applied to the project in order to further Fair Housing, avoid discrimination in advertising and ensure accessibility to programs as defined by Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act.
- ☐ What methods will you use to reach your service area's minority populations?
- ☐ Where will applications be available and how will completed applications be submitted?
- ☐ What efforts will be made to reach homebuyers/homeowners throughout the service area?

Homebuyer/Homeowner Intake and Selection

- ☐ Describe the procedures and mechanisms for participant intake and selection, including how your organization will prioritize participants in your program. Will it be on a first-come first-served basis? Is it based on inquiry date or receipt of completed application? Are applications received on a rolling basis or are there deadlines? Is priority given to lower income households or to households in specific, targeted areas and/or populations?

- ☐ What are the income restrictions? What is the income target? How do you define income? (HOME staff suggests using IRS adjusted gross income for single-family programs.) How will you verify household income?
- ☐ What is your grievance procedure for denied applicants?

Management of the Program

- ☐ Describe how you will maintain accurate files and records for each applicant, including names, address and the terms of the agreement.
- ☐ What are the terms of repayment of the HOME funds? Will loans be deferred or amortized? Will they earn interest? Will they be forgiven over time? What will trigger payments?
- ☐ Is the type of assistance based upon income and ability to pay? How will these be determined?
- ☐ Describe the method your organization will use to determine the amount of HOME funds each participant will receive. Provide an explicit description as to how down payment, closing cost and rehabilitation amounts (as applicable) will be determined.

Recapture or Resale Policy

- ☐ Will the resale or recapture option be used to ensure affordability? Will equity sharing be used to prevent participants from making windfall profits at time of sale?
- ☐ If choosing resale, how will the seller find another low-income person to purchase the home? Will the Grantee assist in that process? How will a fair return to the seller be ensured? How will the Grantee ensure the home will be affordable to a new low-income homebuyer? Will the Grantee maintain a right of first refusal? (**Note:** If HOME funds are used solely for new construction, the resale option must be used.)
- ☐ If choosing recapture, how will a fair return to the seller be ensured? What is the policy if the sales price does not sufficiently cover any outstanding mortgage(s) and/or provide a fair return to the seller?
- ☐ In case of foreclosure, how will the Grantee ensure repayments are based on net proceeds from the transfer?
- ☐ If using equity sharing with either the resale or the recapture option, how will the equity be divided between the seller and Grantee?

Section B

HOMEBUYER ASSISTANCE

Homebuyer Intake and Selection (additional procedures)

- ☐ Describe the buyer's responsibility with respect to home search and negotiation. Will it be the buyer's responsibility to find an eligible property with respect to the program guidelines and negotiate a price for said property?
- ☐ How will the Grantee ensure the purchase price is below the FHA 203(b) limits? Who will inform the buyer of these limits?
- ☐ Describe the buyer's responsibility with respect to loan application and completion. Will it be the buyer's responsibility to complete and execute all loan applications, agreements and other required documents? Will the Grantee assist? Is there a period for completing applications?
- ☐ How will the Grantee conduct outreach to those living in manufactured or public housing?
- ☐ Who will ensure the homebuyer's income has been verified within six months of the closing date?
- ☐ Does the homebuyer have to be a first-time homebuyer, and if so, how is that defined? How will you document that?

Homebuyer Workshops and Counseling

- ☐ Provide a detailed description of the homebuyer education and counseling services including an overview and explanation of homebuyer counseling programs, the presenters, and the number of course hours and frequency of the course.
- ☐ What is your plan, if any, for providing credit repair and budget management for those households not yet able to qualify for mortgage financing? Identify how these services will be provided, including linkages with other agencies.
- ☐ What arrangements, if any, are there to provide on-going counseling services or foreclosure prevention training during the period of affordability?

Program Implementation

- ☐ Describe how the Grantee will ensure that applicable state or local property standards and code requirements are met. Who will conduct property standard inspections? What contracts are in place or will be in place for the inspectors conducting inspections?
- ☐ What is the maximum loan-to-value ratio on all project debt? What is the minimum loan-to-value ratio to ensure that applicants are not over-subsidized?
- ☐ Is there a minimum homebuyer contribution, either a dollar amount or a percent of sales price? How will you ensure applicants make the maximum contribution possible, while using the HOME funds to fill the gap? How will you ensure the applicant purchases appropriate, modest housing?
- ☐ How will you ensure the settlement statements reflect HOME funds contributed to the purchase?
- ☐ How will you ensure requirements of the Uniform Relocation Act are met, which includes ensuring the seller is informed of the property's appraised value?
- ☐ How will you ensure the 120-day reservation deadline (180-day for new construction) is not exceeded?

Lender Participation

- ☐ Describe the nature and form of involvement by lenders, such as private financial institutions and/or credit unions. Will lenders refer buyers to your program?
- ☐ What types of first mortgage financing are anticipated to be used in conjunction with the HOME subsidy? Examples of first mortgage financing are conventional loans (including Fannie Mae and Freddie MAC affordable lending products), FHA, Rural Development, the Montana Board of Housing or any other specialized loan portfolio products. How will you conduct lender outreach and education so they are informed about your programs? How will you coordinate your program with existing first mortgage programs?
- ☐ What, if any, concessions have you been able to negotiate with private lenders to reduce some of the closing costs by lowering closing costs, origination fees, and points as well as arranging for bulk rates for appraisal, title and legal fees?

Section C

HOMEOWNER REHABILITATION

Contractor Policy and Issues

- ☐ Describe the role of your organization and the homeowner in the rehabilitation process, particularly as it relates to work write-ups, soliciting bids, selecting a contractor and arranging for contractor walk-through.
- ☐ Will you assist the homeowner in obtaining a contractor?
- ☐ How will you ensure there is an adequate supply of qualified contractors available to do the

work within the 180-day reservation period?

- ☐ Describe your organization's pre-qualifications procedure for selecting and qualifying contractors and subcontractors to participate in your program.
- ☐ Describe your organization's pre-qualification procedure for selecting and qualifying contractors and subcontractors who are certified and licensed in lead-based paint treatment and removal.
- ☐ Describe the steps your organization has taken and/or will take to encourage minority and woman-owned contractor participation.
- ☐ Will the construction contract be between the Grantee and contractor or between the homeowner and contractor? Attach sample contracts.
- ☐ Who will be responsible for obtaining a lien waiver from the contractor at the time of final payment?
- ☐ How will you ensure the homeowner is satisfied with the completed work? Will the homeowner authorize final payment only after the homeowner is satisfied?

Program Implementation

- ☐ Describe eligible improvements and expenses.
- ☐ How will you ensure that minimum property standards are met and that the property is free of safety and health hazards within six months?
- ☐ In addition to minimum property standards, how will you ensure that the assisted housing is decent, safe and sanitary (e.g., Section 8 Housing Quality Standards) and conforms to local zoning codes?
- ☐ If property is to be rehabilitated after transfer of ownership, who will be responsible for ensuring property standards requirements are met? How will you ensure that the housing is free of defects before occupancy or not later than 6 months after transfer and that the housing meets property standards no later than two years after transfer of ownership?
- ☐ How will you ensure that rehabilitated homes meet or exceed the model energy code and Montana's energy codes?
- ☐ How will you ensure that the 180-day reservation deadline is not exceeded?

PART II – ON-GOING PROJECT MANAGEMENT AND COMPLIANCE PLAN

HOMEBUYER ASSISTANCE and HOMEOWNER REHABILITATION

- ☐ Describe how you will track the HOME-assisted homes and their status in the program.
- ☐ How will you verify annually that the property continues to be owner-occupied and used as the owner's principal residence?
- ☐ How will you verify the home has not been sold during the previous 12 months?
- ☐ If the home has been sold, how will you ensure proper resale or recapture procedures are followed?
- ☐ Who will be responsible for responding to HOME's annual homebuyer certification requirements?

PART III – PROGRAM INCOME PLAN

HOMEBUYER ASSISTANCE and HOMEOWNER REHABILITATION

Submit a Program Income Plan

- ☐ Describe the scenario that will create program income for your program.
- ☐ Describe, in detail, how you will track that program income, including the address that generated the program income. Who will be responsible for this tracking? What tools will that person utilize?
- ☐ Describe the HOME-eligible activities the program income will be used for. How will you ensure the funds are spent in a timely manner?
- ☐ Describe your plan for tracking where that income goes, the length of that period of affordability, and reporting requirements.
- ☐ Who will be responsible for submitting quarterly program income reports to the HOME Program?

Note: Homebuyer assistance and homeowner rehabilitation programs conducted by a CHDO generate program income rather than CHDO proceeds because these programs are not eligible to receive CHDO set aside funds.